

**Report of the U.S. Securities and Exchange Commission (SEC) to the
U.S. Agency for International Development (USAID)
Concerning Technical Assistance to USAID Cooperating Countries
Interagency Agreement (IAA) Between USAID and the SEC
for the Quarter Ending March 31, 2006**

I. Technical Assistance under the Global Agreement – Global B

Program Title: Technical Assistance and Training through SEC – Phase II
Strategic Obj. Title and No: 933 – 08 Open, Competitive Economies Promoted
Appropriation Symbol: 723/41021 **Fund Code:** DV03/04
A&A Request Number: 12015/577 **Initial FY:** 2003
Completion Date: Sept. 30, 2008
Annex B-1, EGAT/OEG

The SEC provides technical assistance to USAID Cooperating Countries pursuant to an IAA with USAID dated July 18, 2003. This report describes the SEC's activities under the IAA for the quarter ending March 31, 2006.

A. GLOBAL ASSESSMENTS

Vietnam Assessment Mission:

Scott Birdwell, Kurt Gresenz, and Frank Medina of SEC worked on Vietnam statute during this 2nd quarter. Their work included:

1. Comments on draft 7 of the Securities Law
2. Comments by letter to Chairman Ha dated March 7, 2006 regarding Comments on the Hanoi Securities Trading Center Feasibility Study
3. Letter to Chairman Ha dated April 13, 2006 commenting on the draft securities law provisions relating to Independence of the SSC and its Enforcement Authority
4. Review and Comment on Draft 13 of the Securities Law
5. Preparing the Investor Education and Assistance program (which has been postponed due to Gerri Walsh's departure from the SEC)
6. Currently working on responses to six questions raised by the Vietnamese National Assembly

B. TRAINING

Latin American and Caribbean Securities Enforcement and Market Oversight Training Program – Quito Ecuador (March 28 – 30, 2006)

With the approval of USAID, the SEC utilized Global funding to co-hosted its second Latin American and Caribbean securities enforcement program. The Ecuadorian Superintendencia de Compañías co-hosted the program along with the SEC. The

program was attended by over 80 regulators and stock exchange officials from 11 Latin American and Caribbean nations. The following SEC staff participated as program speakers:

Glenn Stuart Gordon, Associate Regional Director, Southeast Regional Office
 Dr. Stewart Mayhew, Assistant Chief Economist, Office of Economic Analysis
 Z. Scott Birdwell, Senior Counsel, Office of International Affairs
 Alberto Arevalo, Senior Counsel, Office of International Affairs

In addition to SEC staff, regulators from Ecuador, Panama and the Bahamas participated as program speakers. The program agenda and list of participants are attached as Appendices A and B of this report, respectively.

D. REIMBURSABLE SEC STAFF TIME AND EXPENSES

The following SEC staff members rendered reimbursable assistance during the period:

Stewart Mayhew, Assistant Chief Economist, OEA	27
Glenn Stuart Gordon, Associate Regional Director, SERO	54
Alberto Arevalo, Senior Counsel, OIA	81
Scott Z. Birdwell, Senior Counsel, OIA	27
Clivette Jones, Program Analyst, OIA	<u>31</u>
Total	220 hrs

Based upon the composite hourly rate established under the IAA, the SEC's reimbursable time charges incurred during the period were \$21,646 and consultant expenditures were \$23,618, resulting in \$9,224 of general and administrative (G&A)¹ expenditures for the quarter. Accordingly, the SEC will submit a claim for reimbursement of **\$76,828** (all figures were rounded to the nearest dollar) for technical assistance activities under the "Global B" IAA for the quarter ending March 31, 2006 (please refer to financial appendices I. Summary Financial Report, and I. Country Subtotals for additional details).

One modification to prior financial statements took place this quarter, \$42,000 of other direct costs charged in the previous quarter related to African program translation and training materials were moved from the General Grant category to the newly created Africa Regional category. The new Africa Regional category was created in order to more accurately reflect the usage of the above expenditure, as well as recognize the growing demand for securities related technical assistance requests arising from the region. This modification did not result in any change to the actual amount of IAA funding utilized.

¹ As described in the IAA, general and administrative charges are applied to all expenditures of 15% are applied to all line item expenditures other than Participant Training.

II. Technical Assistance under the Global Agreement – Global A Annex B – 1, EGAT/OEG

Project Name: SEGIR – Financial Sector Component – Technical Assistance and Training through SEC – Phase II	Organization Symbol: EGAT/EG
Request ID: 12015/394	Obligation Number: ECG-P-00-97-00002
Funds/Allotment Symbol:	Phoenix: DV 97/98-DDV797
Activity: SEGIR-936-4212	Completion Date: Sept. 30, 2004

The SEC provides technical assistance to USAID Cooperating Countries pursuant to an IAA with USAID dated April 21, 2003. This submission is the closeout report for this agreement, and accordingly, will be the final report submitted to USAID in relation to this IAA, which expired on September 30, 2004.

REIMBURSABLE EXPENSES

In the process of developing the closeout report, the SEC discovered one hotel bill which was not included in previous obligation and expenditure reports to USAID. The costs were incurred in relation to Robert Strahota's hotel expenses the securities enforcement training program in Bucharest, Romania held during the week of June 28 – July 2, 2004. The expenditure of \$ 915 was not originally captured by the SEC's financial database due to data entry error, and is being included in the reimbursement request for this quarter (the obligation and expenditure occurred prior to the expiration of the IAA). This expenditure resulted in an additional \$137 in G&A charges for the quarter.

Accordingly, the SEC will submit a claim for reimbursement of **\$1,053** (all figures were rounded to the nearest dollar) for technical assistance activities under the "Global A" IAA Annex B-1 for the quarter ending March 31, 2006 (see Financial Appendix II. Technical Assistance Under the Global Agreement: "Global A"; Annex B-1; CLOSEOUT REPORT - Summary Financials and CLOSEOUT REPORT – Country Subtotals for additional details).

All the remaining activity in this report is related to de-obligations of unexpended funds. USAID may release all remaining funds related to Annex B-1 of the above referenced IAA. The attached financial report indicates \$5,620 of residual funds remain under Annex B-1 for final de-obligation (see Financial Appendix II. Technical Assistance Under the Global Agreement: "Global A"; Annex B-1; CLOSEOUT REPORT - Summary Financials and CLOSEOUT REPORT – Country Subtotals for additional details).

III. Technical Assistance to Central and Eastern Europe (CEE)–Global A Annex B – 2; CEE Regional Funds; Project No. 180-0014

Project Name: SEGIR – Financial Sector Component – Technical Assistance and Training through SEC – Phase II **Organization Symbol:** EGAT/EG
Request ID: 12015/394 **Obligation Number:** ECG-P-00-97-00002
Funds/Allotment Symbol: Phoenix: DV 97/98-DDV797
Activity: SEGIR-936-4212 **Completion Date:** Sept. 30, 2004

The SEC provides technical assistance to USAID Cooperating Countries pursuant to an IAA with USAID dated April 21, 2003. This submission is the closeout report for this portion of the above referenced IAA, and accordingly, will be the final report submitted to USAID in relation to this IAA, which expired on September 30, 2004.

REIMBURSABLE EXPENSES

There are no reimbursable expenditures claimed for this portion of the IAA, the only activity was the de-obligation of unexpended funds. USAID may release all of the remaining funds related to Annex B-2 of the above referenced IAA. The attached financial report indicates \$2,849 of residual funds remaining under Annex B-2 for final de-obligation (see Financial Appendix II. Technical Assistance Under the Global Agreement: “Global A”; Annex B-2; CLOSEOUT REPORT - Summary Financials and CLOSEOUT REPORT – Country Subtotals for additional details).

IV. Technical Assistance to Bulgaria – Global A Annex B-3; Bulgaria Bilateral Funds

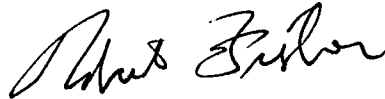
Project Name: SEGIR – Financial Sector Component – Technical Assistance and Training through SEC – Phase II **Organization Symbol:** EGAT/EG
Request ID: 12015/394 **Obligation Number:** ECG-P-00-97-00002
Funds/Allotment Symbol: Phoenix: DV 97/98-DDV797
Activity: SEGIR-936-4212 **Completion Date:** Sept. 30, 2004

There will be no future expenditures under this agreement.

Annex B-3 is not included in the closeout report, as USAID is currently in process of determining whether or not these funds will be rolled over into another IAA with the SEC, or released for de-obligation. As soon as this determination is made, the SEC will submit a separate closeout letter and financial report to USAID in order to complete its reporting requirements for Annex B-3 of the above named IAA.

May 8, 2006

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert Fisher", written in a cursive style.

Dr. Robert Fisher
Assistant Director
SEC Office of International Affairs

Copy of closeout letter submitted to USAID; Financial Reports ("Global B" Annex B-1 and "Global A" Annexes B-1, B-2, and B-3); Appendices A and B

**LATIN AMERICAN AND CARIBBEAN
SECURITIES ENFORCEMENT
AND
MARKET OVERSIGHT
TRAINING PROGRAM**

**Sponsored by
SUPERINTENDENCIA DE COMPAÑÍAS DE ECUADOR
U.S. SECURITIES & EXCHANGE COMMISSION
THE U.S. AGENCY FOR INTERNATIONAL
DEVELOPMENT**

QUITO, ECUADOR

MARCH 28-30, 2006

Superintendencia de Compañías de Ecuador Overview

Continuaremos siendo un organismo líder en modernización y eficiencia en el sector público. Impulsaremos la supervivencia, el crecimiento y desarrollo del sector empresarial por ser eje alrededor del cual gira la economía y efectuaremos acciones tendientes a que el mercado de valores sea transparente, integrado y eficaz, de modo que canalice adecuadamente los recursos hacia las actividades productivas.

[www. supercias.gov.ec](http://www.supercias.gov.ec)

U.S. Securities and Exchange Commission Overview

Established in 1934, the SEC is a civil law enforcement agency. Its primary mission is to protect investors and maintain the integrity of the U.S. securities markets. The SEC oversees key participants and institutions in the securities markets, including stock exchanges, broker-dealers, mutual funds, and investment advisors and is concerned primarily with promoting information disclosure, enforcing securities laws, and protecting investors. For more information about the SEC, please visit, www.sec.gov.

SPEAKERS

Ecuador

Econ. Ramiro Crespo, de Analytica Securities Casa de Valores

Bahamas

Mechelle Martinborough, Legal Director, Securities Commission of the Bahamas

Panamá

Carlos Barsallo, Carlos A. Barsallo P., Commissioner-Vice President, Panamanian Securities Commission

United States*

**Glenn Stuart Gordon, Associate Regional Director (Enforcement),
US SEC Southeast Regional Office**

**Dr. Stewart Mayhew, Assistant Chief Economist, US SEC Office of Economic
Analysis**

**Z. Scott Birdwell, Program Manager/Senior Counsel, US SEC Office of
International Affairs**

Alberto Arevalo, Senior Counsel, US SEC Office of International Affairs

* The U.S. Securities and Exchange Commission, as a matter of policy, disclaims responsibility for any technical assistance or training by its staff. The views expressed in this program are those of the speakers and do not necessarily represent the views of the Commission, individual commissioners or the speakers' colleagues on the staff of the Commission.

DAILY SCHEDULE

MONDAY, MARCH 27

5:00-6:30 *Welcome Reception: Swissôtel*

TUESDAY, MARCH 28

9:00 *Registration*

9:30 *Welcoming Remarks*

Speakers: USAID/Ecuador Mission Director Alexi Panehal
Fabián Albuja Chaves, President, Superintendencia de
Compañías de Ecuador

9:45 *Opening Remarks*

Speaker: Alberto A. Arevalo

10:00 *Overview of SEC Enforcement Process*

Speaker: Glenn Stuart Gordon

11:30 *Break*

11:45 *Key Elements of an Effective Enforcement Program*

Speaker: Z. Scott Birdwell

1:00 **LUNCHEON BREAK**

2:30 *Market Manipulation*

Speakers: Glenn Stuart Gordon
Stewart Mayhew

3:45 *Break*

4:00 *Group Discussions: Market Manipulation Hypothetical*

WEDNESDAY, MARCH 29

9:00 *Conflicts of Interest for Market Intermediaries*

Speaker: Stewart Mayhew

10:30 *Break*

10:45 *Group Presentations*

Moderator: Alberto Arevalo

11:45 *Financial and Accounting Fraud Cases*

Speaker: Glenn Stuart Gordon

1:00 **LUNCHEON BREAK**

2:30 *Interactive Review of Important Program Themes*

Moderator: Alberto Arevalo

3:00 *Panel Discussion: Investigating Insider Trading*

Moderator: Z. Scott Birdwell

Speakers: Econ. Ramiro Crespo
Glenn Stuart Gordon
Central American Representative
Caribbean Representative

4:30 *Break*

4:45 *Criminal Enforcement of the Securities Laws and Parallel Proceedings*

Speakers: Glenn Stuart Gordon
Alberto Arevalo

THURSDAY, MARCH 30

9:00 *Appropriate Remedies and Sanctions for Securities Law Violations*

Speaker: Z. Scott Birdwell

10:00 *Investor Education*

Speaker: Z. Scott Birdwell

10:30 *Break*

10:45 *Market Surveillance: Theory, Design and Execution*

Speaker: Stewart Mayhew

12:00 *Prime Bank, Pyramid and Ponzi Schemes: Examples from Miami*

Speaker: Glenn Stuart Gordon

1:00 LUNCHEON BREAK

2:30 *International Cooperation in Securities Market Enforcement*

Moderator: Alberto Arevalo

**Speakers: Carlos Barsallo
Mechelle Martinborough
Z. Scott Birdwell**

4:00 *Break*

4:15 *Offering Frauds*

Speaker: Glenn Stuart Gordon

5:00 *Closing Remarks & Conclusion of Program*

**Speaker: The Honorable Linda L. Jewell
United States Ambassador to Ecuador**

- **Certificates of Participation will be presented after closing remarks**

List of Participants:**2006 Latin American and Caribbean Securities Enforcement and
Market Surveillance Training Program****Quito, Ecuador (March 28 - 30, 2006)**

	Name	Organization	Country
1	Charles McKenzie	Securities Commission of the Commonwealth of the Bahamas	BAHAMAS
2	Kadesha Musgrove - Hanna	Securities Commission of the Commonwealth of the Bahamas	BAHAMAS
3	Mechelle Martinborough		BAHAMAS
4	Arnold Saldías	Superintendencia de Pensiones, Valores y Seguros	BOLIVIA
5	Claudia Soriano	Superintendencia de Valores y Seguros	CHILE
6	Miguel Angel Monroy	Bolsa de Valores de Colombia	COLOMBIA
7	Natalia Camargo		COLOMBIA
8	Alfonso Liao	Bolsa Nacional de Valores	COSTA RICA
9	Gabriela Amador	Bolsa Nacional de Valores	COSTA RICA
10	Isabel Chacón	Superintendencia General de Valores	COSTA RICA
11	Patricio Ribadeneira	Superintendencia General de Valores	COSTA RICA
12	Luis Alvarez	Guayaquil Stock Exchange	ECUADOR
13	Oreana Rumbea	Guayaquil Stock Exchange	ECUADOR
14	Sandra Cevallos	Quito Stock Exchange	ECUADOR
15	Ximena Cano	Quito Stock Exchange	ECUADOR
16	Adriana León	Superintendencia de Companias del Ecuador	ECUADOR
17	Alfonso Vela	Superintendencia de Companias del Ecuador	ECUADOR
18	Anabelle Vinueza	Superintendencia de Companias del Ecuador	ECUADOR
19	Aurora Caizahuano	Superintendencia de Companias del Ecuador	ECUADOR
20	Beatriz Racines	Superintendencia de Companias del Ecuador	ECUADOR
21	Belén Figueroa	Superintendencia de Companias del Ecuador	ECUADOR
22	Betty Tamayo	Superintendencia de Companias del Ecuador	ECUADOR
23	Blanca Aguirre	Superintendencia de Companias del Ecuador	ECUADOR
24	Carlos Bonilla	Superintendencia de Companias del Ecuador	ECUADOR
25	Cesar Navarro	Superintendencia de Companias del Ecuador	ECUADOR
26	Denisse Ortega	Superintendencia de Companias del Ecuador	ECUADOR
27	Diego Jijón	Superintendencia de Companias del Ecuador	ECUADOR
28	Diva Larrea	Superintendencia de Companias del Ecuador	ECUADOR
29	Eva Vinueza	Superintendencia de Companias del Ecuador	ECUADOR
30	Fernando Alarcón	Superintendencia de Companias del Ecuador	ECUADOR
31	Francisco Jauregui	Superintendencia de Companias del Ecuador	ECUADOR
32	Francisco Sosa	Superintendencia de Companias del Ecuador	ECUADOR
33	Francisco Vizcaíno	Superintendencia de Companias del Ecuador	ECUADOR
34	Gina Hidalgo	Superintendencia de Companias del Ecuador	ECUADOR
35	Grace Cabello	Superintendencia de Companias del Ecuador	ECUADOR
36	Hena Armijos	Superintendencia de Companias del Ecuador	ECUADOR
37	Ivan Andrade	Superintendencia de Companias del Ecuador	ECUADOR
38	Jofree Ortiz	Superintendencia de Companias del Ecuador	ECUADOR
39	Juan Ramón Jiménez	Superintendencia de Companias del Ecuador	ECUADOR
40	Ketty Amaya	Superintendencia de Companias del Ecuador	ECUADOR
41	Luis Ortiz	Superintendencia de Companias del Ecuador	ECUADOR
42	Marcia Peña	Superintendencia de Companias del Ecuador	ECUADOR
43	Marcia Villalobos	Superintendencia de Companias del Ecuador	ECUADOR
44	Maria Luisa Mendoza	Superintendencia de Companias del Ecuador	ECUADOR
45	Martha María Rogiero	Superintendencia de Companias del Ecuador	ECUADOR

46	Mercedes Flores	Superintendencia de Companias del Ecuador	ECUADOR
47	Nathalie Suikouski	Superintendencia de Companias del Ecuador	ECUADOR
48	Nathalie Viteri	Superintendencia de Companias del Ecuador	ECUADOR
49	Oswaldo Hurtado	Superintendencia de Companias del Ecuador	ECUADOR
50	Patricia Iturralde	Superintendencia de Companias del Ecuador	ECUADOR
51	Ramiro Crespo	Superintendencia de Companias del Ecuador	ECUADOR
52	René Miranda	Superintendencia de Companias del Ecuador	ECUADOR
53	Rossana Gómez	Superintendencia de Companias del Ecuador	ECUADOR
54	Shirley Machado	Superintendencia de Companias del Ecuador	ECUADOR
55	Susana Jaramillo	Superintendencia de Companias del Ecuador	ECUADOR
56	Verónica Proaño	Superintendencia de Companias del Ecuador	ECUADOR
57	Virginia Villacís	Superintendencia de Companias del Ecuador	ECUADOR
58	Alvaro Troya		ECUADOR
59	Carlos Murillo		ECUADOR
60	Jorge Olivardía		ECUADOR
61	José Andino		ECUADOR
62	Juan Acosta		ECUADOR
63	Juan Carlos Peralvo		ECUADOR
64	Katherine Delgado Tapia		ECUADOR
65	Katiuska Viteri		ECUADOR
66	Luis Alberto González		ECUADOR
67	Marcelino Anaguano		ECUADOR
68	Mario Naranjo Albuja		ECUADOR
69	Mayra Reyes		ECUADOR
70	Patricia Mata		ECUADOR
71	Sonia Alvarado		ECUADOR
72	Victor Campoverde		ECUADOR
73	Washington Toaza		ECUADOR
74	Xavier Landázuri		ECUADOR
75	Hector Palacios	Ministerio de Economía Guatemala	GUATEMALA
76	Errol Cova	Central Bank of the Netherlands Antilles	NETHERLANDS ANTILLES
77	Vielka Reyes	Panama Stock Exchange	PANAMÁ
78	Carlos Barsallo		PANAMÁ
79	Sandra Collado de Zubieta		PANAMÁ
80	Johnny González		PERU
81	Rosalind King		TRINIDAD Y TOBAGO
82	Arturo Bejarano		
83	Juan Isaac Lovato		
84	Rómulo Pino		

Speakers from the Superintendencia de Compañías del Ecuador

1	Fabián Albuja Chaves
2	Dr. Diego Garcés Velalcázar
3	Econ. Gilberto Novoa
4	Dr. José Córdova
5	Econ. Bolívar Bolaños
6	Dr. Oscar Terán
7	Dr. Luis Holguín



OFFICE OF
INTERNATIONAL
AFFAIRS

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

May 8, 2006

John B. Carihfield
Economist and Financial Sector Advisor
US Agency for International Development
EGAT/EG, Room 2.11-110 RRB
1300 Pennsylvania Ave., NW
Washington, DC 20523

SUBJECT: Closeout of Interagency Agreement Between USAID and the SEC
"Global A" Agreement

REF: Activity No: SEGIR – 936 - 4212
Activity Title: SEGIR – Financial Sector Component – Technical
Assistance and Training through the SEC
Award No: ECG – P – 00 – 97 – 00002
Annex B-1
Annex B-2

Dear Mr. Carihfield:

The SEC's records indicate that the subject interagency agreement was scheduled to be completed as of September 31, 2004. All funds obligated under this agreement have been expended, and all residual funds may be de-obligated, as indicated in the attached final report (and as indicated in the quarterly report provided to USAID for the period ending September 30, 2005). The SEC will submit no future requests for reimbursement under this IAA. This closeout letter addresses Annexes B-1 and B-2 of the subject agreement, the future disposition of the remaining funding provided under Annex B-3, Bulgaria Bilateral Funds is awaiting a final decision by USAID's Global Bureau and General Counsel.

Attached to this letter you will find a copy of the Closeout Report for the aforementioned annexes B-1 and B-2 of the "Global A" IAA. The Closeout report details the de-obligation of the remaining funds under the agreement which had been committed to use prior to the agreement's expiration on September 31, 2004. The Closeout Report data is located in sections II (Annex B-1 of the IAA) and III (Annex B-2) of the attached quarterly report to USAID for the period ending March 31, 2006.

To facilitate the formal closeout of the agreement, please advise me as follows:

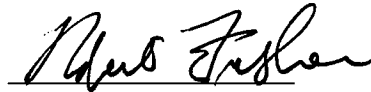
1. The SEC has fully complied with all the applicable terms and conditions of subject interagency agreement, including delivery of all required reports thereunder.

() YES () NO

2. If the SEC has not fully complied with all applicable terms and conditions of subject interagency agreement, please cite the specific terms and conditions that were not met, attach the document to the memorandum and return it to the SEC.

If I do not receive your answer within thirty (30) day from the date of this letter, I am authorized to consider the subject interagency agreement completed and begin the process to formally close it out based on the best information available to me and forward the interagency agreement records to the record center for disposal.

If you are not the proper person to receive this letter, please return it to me appropriately annotated, unless you know to whom it should go, in which case I ask that you kindly forward it to the proper certifying official.



Dr. Robert Fisher
Assistant Director Office of International Affairs
US Securities & Exchange Commission (SEC)

5/8/06
Date

John B. Carihfield
Economist and Financial Sector Advisor
US Agency for International Development

Date

Attachments: Financial Reports